

Utah Legislature
Privately Owned Health Care Organization Task Force
Request for Proposals
"Utah Health Care Markets"

GENERAL BACKGROUND INFORMATION

Purpose of Request for Proposals (RFP)

The purpose of this RFP is to enter into a contract with a qualified person, persons, or entity to:

- 1) examine the performance of health care markets in Utah to determine how the performance of those markets impacts consumers in terms of the quality of, access to, and cost of health care and competition;
- 2) evaluate how the presence and business practices of a vertically integrated health care system in Utah's health care markets impact consumers and competition in those markets; and
- 3) make specific recommendations on how to improve Utah's health care markets.

General Contract Information

It is anticipated that this RFP will result in a single award contract. The contract amount, the terms of payment, the length of the contract, and any other relevant terms will be negotiated between the Privately Owned Health Care Organization Task Force (Task Force) or its designee and the successful offeror.

PROPOSAL SPECIFICATIONS

Background

Health care in Utah is generally delivered through health care networks in which hospitals and, to a lesser degree, other health care providers are aligned with insurers. The majority

of Utahns are covered under managed care plans,¹ and health care under those plans is delivered generally either by the Intermountain Health Care (IHC) hospital network or by a non-IHC hospital network.

Health care systems owning the greatest number of hospital beds in the state include IHC, MountainStar Healthcare, IASIS, and University Health Care.²

Major comprehensive health insurers operating in the state include IHC Health Plans, Regence Blue Cross/Blue Shield of Utah, Altius Health Plans, United Healthcare, Deseret Mutual Benefit Association (DMBA), and Utah Public Employees Health Program (PEHP).³

The smaller health insurers typically contract either with the IHC or non-IHC hospital systems and, in some cases, lease physician panels from IHC.

Physicians generally contract with both IHC and non-IHC health plans. Some physicians are employed by IHC or University Health Care.

Managed care plans in Utah are typically characterized by limited physician provider panels that through exclusivity contracting direct care toward either IHC or non-IHC health facilities. These business practices, along with IHC's perceived dominance in Utah's health care markets prompted the Utah Legislature in the 2005 General Session to enact legislation creating the Task Force. S.B. 61 directs the Task Force to study various issues, including the following issues relating to the structure and operation of health care markets in the state:

- market penetration, geographic distribution, and contracting arrangements of integrated health care systems in the health insurance and health care markets in the state;
- the impact of divestiture of integrated health care systems in the health care

¹Horne, Scott, ed. *2004 Annual Managed Care Fact Book* (Salt Lake City: Utah Hospitals & Health Systems Association), 1-2; In 2004, 57.8% of Utah residents were enrolled in nongovernmental Health Maintenance Organizations (HMOs) or Preferred Provider Organizations (PPOs). Another 8.6% were enrolled in governmental managed care plans, e.g., Champus, Children's Health Insurance Plan (CHIP), and Medicaid HMOs. (HMOs and PPOs in Utah generally compensate providers on a discounted Fee for Service (FFS) basis.)

²Horne, Scott, ed. *Utah Hospitals & Health Systems Fact Book 2004* (Salt Lake City: Utah Hospitals & Health Systems Association), 6-8.

³Hawley, Jeffrey E. *2004 Health Insurance Market Report* (Salt Lake City: Utah Insurance Department), 29, <http://www.insurance.utah.gov/2004HlthInsMrktRpt.pdf>.

- market in the state;
- state policies that promote fair and appropriate competition in the health care market, including the adequacy and application of antitrust provisions to health care organizations; and
- business and financial practices of health care organizations and how they may impede or enhance a fair and competitive health care market place and impact consumers.

S.B. 61 authorizes the Office of Legislative Research and General Counsel, in consultation with the Task Force, to contract with experts to assist the Task Force in performing its duties. In its initial meetings, the Task Force received public testimony on what are the critical issues facing the Task Force and identified several areas of focus. The Task Force has subsequently received a great deal of information pertaining to Utah health care markets. The issues addressed by this RFP relate to the performance of health care markets in Utah. The specific research tasks and questions are outlined in the next section, Research Tasks and Questions.

Research Tasks and Questions

The researcher must provide the Task Force a written report and be available to make an oral presentation addressing the following research tasks and questions:

1) Evaluate the performance of health care financing markets in Utah to determine how the performance of those markets impacts consumers in terms of the quality of, access to, and cost of health care and competition. In evaluating health care financing markets, the researcher shall:

- a) identify relevant geographic and product markets to be analyzed in the state;
- b) in the markets identified under Subsection (1)(a), determine the market share of insurers, including insurers providing commercial risk bearing plans or administering self-funded plans;
- c) examine trends in the market share of insurers;
- d) determine:
 - i) the percentage of the population in a health care financing market that is directed by their insurance plans toward the different health care networks or hospital systems; and
 - ii) where the population in a health care financing market actually receives hospital services;

e) compare and contrast Utah health care markets with similar markets in the region or nation with respect to the quality of, access to, and cost of health care in the context of the competitive environment.

f) examine the business and contracting practices of insurers to determine whether there exist practices that negatively impact consumers in terms of the quality of, access to, or cost of health care or impede competition;

g) evaluate how exclusivity and directivity are used in contracts between insurers and hospitals or other health care providers and the resulting impacts on consumers and competition; and

h) examine how IHC's corporate structure as a vertically integrated company, their hospital and insurance market share, and their business practices influence the performance of and competition within health care financing markets.

2) Evaluate the performance of hospital markets in Utah to determine how the performance of those markets impacts consumers in terms of the quality of, access to, and cost of health care and competition. In evaluating hospital markets, the researcher shall:

a) identify relevant geographic and product markets to be analyzed in the state;

b) determine the market share of hospital systems and trends in the market share of hospital systems;

c) examine the business and contracting practices of hospital systems to determine whether there exist any practices that negatively impact consumers in terms of the quality of, access to, or cost of health care or impede competition;

d) examine healthcare facilities licensed or certified by the state which compete for hospital services to determine:

i) their impact on hospital systems;

ii) whether hospital systems engage in anticompetitive practices to restrict consumer access to healthcare facilities licensed or certified by the state; and

iii) how healthcare facilities licensed or certified by the state impact Utah consumers in terms of the quality of, access to, and cost of health care;

e) examine how IHC's corporate structure as a vertically integrated company, their hospital and insurance market share, and their business practices influence the performance of and competition within hospital markets; and

f) examine how hospitals and healthcare facilities licensed or certified by the state

which compete for hospital services that are under construction or planned to be constructed may impact or alter hospital markets.

3) Evaluate how Utah's health care financing and hospital markets impact consumers with respect to the quality, availability, and cost of physician services and competition. In evaluating physician services, the researcher shall:

a) examine the business and contracting practices of insurers and hospitals that relate to physician services to determine whether there exist any practices that negatively impact consumers with respect to the quality, availability, or cost of physician services or competition in a relevant geographic market; and

b) examine how IHC's corporate structure as a vertically integrated company, their hospital and insurance market share, and their business practices impact consumers with respect to the quality, availability, and cost of physician services or competition in relevant geographic markets.

4) If a health care financing market or hospital market is performing in a manner that negatively impacts consumers in terms of the quality of, access to, or cost of health care or impedes competition, what specific legislative, regulatory, or enforcement actions may be implemented to improve the function of the market?

The researcher shall conduct interviews with stakeholders designated by the Task Force and may interview others, as necessary, to accomplish the research tasks.

The research report shall include a glossary of terms used in the report.

INFORMATION ABOUT CREATING, FORMATTING, SUBMITTING, AND REVISING A PROPOSAL

Issuing Office

The State of Utah's Office of Legislative Research and General Counsel is the issuing office for this document and all subsequent addenda relating to it, on behalf of the Task Force. Inquiries about this RFP should be directed to:

Constance C. Steffen, Policy Analyst
Office of Legislative Research and General Counsel
Email: csteffen@utah.gov
Telephone: (801) 538-1032
Fax: (801) 538-1712

Submitting Your Proposal

Primary Requirement:

The offeror's written response to this RFP will be the primary source of information used in the evaluation process. Therefore, each offeror is requested and advised to be as complete as possible in its written response.

Number and Deadlines:

Twenty written copies of the proposal and one electronic copy must be received at the following address on or before **October 18, 2005, 5:00 p.m. Mountain Daylight Time:**

Office of Legislative Research and General Counsel
Utah State Capitol Complex
W210 House Building
Salt Lake City, Utah 84114

Attention: Constance C. Steffen

Proposals received after that date and time will not be considered.

Restrictions on Publicity:

The successful offeror may not make any announcement about the award of the contract as a result of this RFP without the prior written approval of the Task Force or its designee. Except as specifically authorized in the contract, the successful offeror may not use any data, pictures, or other representation of the Utah Legislature in its external advertising, marketing programs, or other promotional efforts.

Organization of Proposal

Offeror Information Page

The first page of the proposal must include the following information in the following form:

Offeror Summary Information

Name:

Contact person:

Address:

Telephone:

Fax:

Federal Tax ID#:

Email:

Description of Organization of the Offeror

Describe your organization, including organizational structure, age of the organization, location of offices, web site, experience, financial stability, and qualifications of key personnel to be assigned to the project.

List of Owners

Provide a complete list of owners of the offeror's organization.

Current references

List a minimum of five references, including the name of a contact person, name of organization, address, and telephone number. The references must include at least three references specifically related to the offeror's experience in analyzing health care markets.

Conflicts of Interest

Identify any principal, client, or other individual or entity who substantially affects the business of the offeror and who is a health insurer or health care provider in Utah.

Identify any known contracting relationship within the last five years between the offeror and any principal, client, or other individual or entity who has substantially affected the business of the offeror and who is a health insurer or health care provider in Utah.

All proposals must be organized and tabbed with labels for the following headings:

Executive Summary: A one to two-page executive summary should briefly describe the offeror's proposal and highlight the major features of the proposal. Persons reviewing the proposal should be able to determine the essence of the proposal by reading the executive summary. Proprietary information requests should be identified in this section.

Detailed Response: This section should constitute the major portion of the proposal and must contain at least the following information:

1. A complete narrative of the offeror's assessment of the work to be performed, the offeror's expertise and proposed methodology, and the resources necessary to fulfill the requirements.
2. The offeror's understanding of the desired overall performance expectations. Any proposed options or alternatives should be

clearly indicated.

3. A specific point-by-point response, in the order listed, to each requirement in the RFP.
4. A proposed work plan that includes a basic plan and time schedule identifying the activities that must occur to complete your proposal.
5. The research methodology that the offeror will use to accomplish each research task and answer each research question.
6. Each offeror should also assess and provide evidence that the offeror can analyze the issue and answer the research questions without preconceived conclusions or subjective bias.

Proposed Budget:

Please enumerate a detailed draft budget with the proposal.

Other Requirements:

The offeror's name must appear on each page of the proposal. Any erasures, cross-outs, alterations, or other changes must be initialed by the person signing the proposal.

The person signing the proposal must be authorized to commit the offeror and to conduct negotiations or discussions if requested or required, or both.

Modifications to the Proposal after Submission

The offeror may modify a proposal at any time, in written form, before the closing date listed in this RFP. A proposal may be withdrawn at any time before the award of the contract upon receipt of written notice by the Office of Legislative Research and General Counsel.

Costs of Preparing the Proposal

The costs of preparing and presenting the proposal (if required) will be borne by the offeror. The Utah Legislature assumes no liability for any costs incurred by any offeror in preparation and delivery of a proposal in response to this RFP, or attendance at any meetings relative to responding to this RFP.

EVALUATION OF PROPOSALS

General Evaluation Criteria

The Task Force or its designees will evaluate the proposals and award a contract. The Task Force will evaluate each offeror and proposal based upon the following factors:

Points	Criteria
50	Offeror demonstrates sound technical and analytical expertise in a wide range of disciplines including economics, finance, accounting, law, and health care policy. This includes the qualifications and experience of the offeror for successfully completing the proposal, qualifications of assigned staff, adequacy of resources, and data sources.
30	Evidence of understanding the concepts relating to the RFP and specific responsiveness of the proposal to the descriptions contained in the RFP, including working plans for the project and demonstration of offeror's understanding of the requirements of the contract.
20	Overall cost of the proposed project and its relation to the proposed project activities.

Timeline

It is anticipated that the following timeline will be used in finalizing this contract with the successful offeror, including the delivery of the oral and written presentation of the analysis to the Task Force:

October 18, 2005	Deadline for proposals to be submitted to the Office of Legislative Research and General Counsel
November 3, 2005	Task Force meeting - Decide on successful bidder. The Office of Legislative Research and General Counsel, in consultation with Task Force chairs, finalizes details of contract with successful offeror.
May 10, 2006	Delivery of completed written study to the Office of Legislative Research and General Counsel for mailing to Task Force members.
May 18, 2006	Task Force meeting - Oral and written presentation of completed study and recommendations.

General Powers of Privately Owned Health Care Organization Task Force

The Task Force reserves the right to reject any or all proposals, to waive any informalities or minor irregularities, or both, and to make the award in the best interest of the Utah Legislature, with or without further discussion or negotiations. Proposals may be reviewed and evaluated by any person at the discretion of the Task Force. All materials submitted become the property of the Task Force and may be returned only at the option of the Task Force.

Clarification of Proposal/Research about Offeror

The Task Force or its designee may contact any offeror to clarify any response, contact any current users of the offeror's services, solicit information from any available source concerning any aspect of the proposal, and seek and review any other information it deems relevant to the evaluation process.

Discussions with Offerors (Oral Presentation)

The Task Force may award a contract based on the initial proposals received without discussion with the offeror. The Task Force may, but need not, require an oral presentation by an offeror to clarify a proposal. If oral presentations are required, they will be scheduled after the submission of proposals. Oral presentations will be made at the offeror's expense.

Protecting Proprietary Information

The proposal of an offeror becomes public information. Certain commercial information (such as nonpublic financial information) may be protected if the information qualifies for protection under Utah Code Ann. §63-2-304. Pricing and service elements are not considered proprietary. An entire proposal may not be marked as proprietary. Offerors must clearly identify in the executive summary and mark in the body of the proposal any specific information that they are requesting be classified as "protected." The executive summary must contain specific justification explaining why the information should be protected. The Task Force will determine whether or not to classify information identified as proprietary as "protected" under Utah Code Ann. §63-2-304 and will inform the offeror of its decision.